

RISK MANAGEMENT UPDATE

Performance and Governance Committee – 12 June 2012

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For Information

Executive Summary: This report provides the Committee with a summary of the Councils risk management processes and plans for improvements to the Risk Management Framework. The report also updates Members on the current strategic risks facing the Council.

This report supports the Key Aim of Corporate Performance Plan “Effective Management of Council Resources”

Portfolio Holder Cllr. Ramsay

Head of Service Group Manager, Financial Services – Adrian Rowbotham.

Recommendation:

It be RESOLVED that Members note the contents of this report.

Introduction

- 1 As part of its terms of reference the Performance and Governance Committee considers reports on the Council’s risk management strategy and framework. This report updates Members on the Council’s risk management process and plans for delivering the Council’s risk management strategy in 2012/13.
- 2 The Council’s risk management strategy sets out that risk will be identified, assessed and managed both strategically and operationally. Strategic risks are those that may prevent the Council achieving its high level objectives, as set out in the Corporate Plan 2009-12. Strategic risks are managed by the Directors and Heads of Service with oversight and scrutiny being delivered by Performance and Governance Committee. Operational risks are those that may prevent individual services meeting the objectives set out in their service plans. Operational risks are managed by Service Managers, supported by Heads of Service.
- 3 The Council also has processes in place to manage financial risks, project risks and health and safety risks that operate alongside the risk management framework. Financial risks are monitored by the Finance team and assessed and scrutinised by the Finance Advisory Group. Project risks are managed by the relevant Head of Service working closely with the project manager and are subjected to DMT and MT monitoring, based on the type of project. Health and Safety risk assessments are overseen and coordinated by the Council’s

Environmental Health team, with Service Managers responsible for undertaking regular risks assessments and taking action to mitigate those risks.

In addition to the above, the Council's officers risk group oversees and coordinates the entire process. It also facilitates the dissemination of best practice across the Council.

Activities Planned 2012/13

- 4 The Council undertook a review of its risk management processes during 2011/12 in the light of shared services working with Dartford Council. Details of the review were reported to Members at the meeting in January 2012.

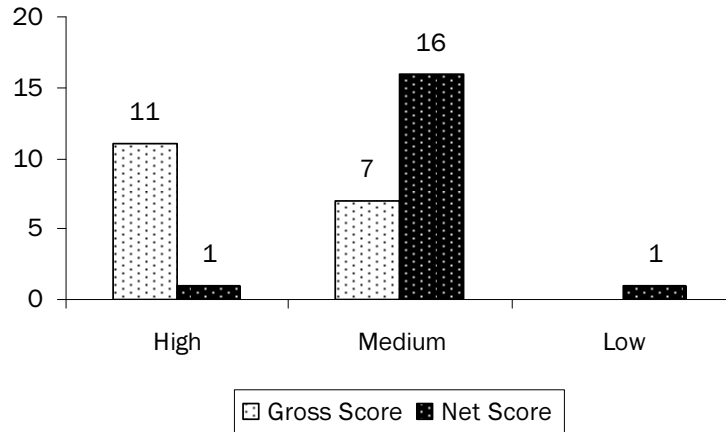
As part of the shared services agreement, the risk management function is now provided by the Audit, Risk and Anti-Fraud team on behalf of both Councils. To this effect, the framework has been reviewed with a view to streamlining and simplifying the process, in order to make it more user friendly and take account of current professional practice going forward. To ensure a systematic approach in delivering the new framework, the Officers Risk Group agreed to deliver training workshops to all stake holders, including Members of this Committee, Management Team, Heads of Service and Service Managers across the Council. The first of these training was delivered to members of the Performance and Governance Team in February 2012. The training for officers is planned to commence over the next few weeks. It is intended that Zurich will deliver the generic element of risk management in order to improve or embed existing knowledge regarding the benefits of effective risk management, whilst members of the Officers Risk Group will deliver the more bespoke element, specifically dealing with the Council's risk management strategy and framework.

- 5 Managers would be expected to re-assess their risks using the new framework as soon as they have received the training. The entire process is expected to be completed within the next two to three months. This would enable a full report to be brought to this committee in September 2012.

Current Strategic Risk Profile

- 8 The chart below shows a summary of the Council's strategic risk profile, indicating the number of risks ranked high, medium and low at both gross and net risk stages. There has been no dramatic change since the last report. Officers have continued to use the existing framework until they receive the planned training on the new framework, when they will reassess risks based on the new framework.

Gross and Net Risk Ratings



9 The Gross Score shows the inherent risks prior to taking account of existing controls. The Net Score shows the residual risks after taking account of existing controls. The only item ranked high relates to the management of Human Resources. The factors given rise to risk in this area relates to financial pressures leading to reductions in employment opportunities and pay pressures on staffing budgets. Fewer officers are dealing with greater responsibilities, hence impacting on staff wellbeing, leading to higher sickness levels or leavers. The council has taken a number of practical steps to address this trend, including employee assistance programmes, designed to improve the health and wellbeing of staff and to encourage staff to assume greater responsibility for their health and wellbeing. Some specific measures taken to manage this risk are as follows:

- Improvements in sickness procedures and return to work interviews
- Changes in occupational health adviser
- Health and wellbeing days, including separate men's and women's health days
- Employee assistance programme, for confidential counselling
- Effective financial management in order to minimise the impact of financial austerity

Conclusions

The report update Members on the Council's risk management process and plans for delivering the Council's risk management strategy in 2012/13. Members are requested to note the report.

Key Implications

Financial

13 None

Community Impact and Outcomes

- 14 A robust risk management process enhances the Council's ability to minimise waste and improve efficiency and to deliver better services and outcomes for the community.

Legal, Human Rights etc.

- 15 None

Resource (non-financial)

- 16 None

Value For Money

- 17 A robust risk management process will enhance the Council's ability to minimise waste and inefficiencies whilst maximising value for money.

RISK ASSESSMENT STATEMENT

- 18 A robust risk management process enhances the Council's ability to minimise waste and improve efficiency and to deliver better services and outcomes for the community. The new risk management framework will enhance the Council's ability to manage risk more effectively.

Sources of Information:

SDC Risk Management Strategy

Strategic Risk Register

Covalent performance and risk management system

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